
OLR Bill Analysis

sSB 1130 (File 450, as amended by Senate "A")*

***AN ACT MAXIMIZING JOBS FOR STATE WORKERS BY
REQUIRING LOCAL CONSTRUCTION HIRING REPORTS BY
RECIPIENTS OF ECONOMIC DEVELOPMENT FUNDS.***

SUMMARY:

This bill creates a reporting procedure for assessing the extent to which Connecticut contractors and construction workers are being hired for large-scale, state-funded economic development projects. The procedure requires businesses implementing such projects to take reasonable steps to use Connecticut businesses during a project's physical development phase and report to the state on their efforts to use such businesses.

A business must comply with the procedure if it receives more than \$20 million over two years for a biotechnology project or more than \$10 million over two years for any other type of project. The business must submit a letter to DECD stating its intent to use Connecticut businesses within 30 days after receiving DECD's approval. Within 12 months after the development phase starts, the business must submit data on the businesses and employees it used during that phase. DECD, in consultation with the Labor Department, must summarize this data and submit it, annually, by February 1, to the governor and Commerce and Labor committees.

*Senate Amendment "A" changes the underlying bill by: (1) excluding projects funded by Connecticut Innovations, Inc. from the procedure, (2) requiring businesses to state their intent to use Connecticut businesses in their projects in a letter to DECD instead of including a statement to that effect in their application for assistance, and (3) reducing the (a) frequency of business reporting and (b) minimum reporting requirements for businesses and DECD.

EFFECTIVE DATE: October 1, 2013

ECONOMIC DEVELOPMENT PROJECTS

A business must comply with the bill's procedure depending on the type of project it proposes for DECD funding and the amount of financial assistance DECD approves for the project. Financial assistance includes bond-funded grants, loans, loan guarantees, contracts of insurance, or any combination of these.

The business must comply with the procedure if it proposes a biotechnology or other type of project and DECD approves more than \$20 million or \$10 million, respectively, over two years for the project. These thresholds are the same as those the statutes set for economic development projects requiring General Assembly approval (CGS § 32-462), and the bill cites them by reference.

LETTER OF INTENT

If a project meets the bill's criteria, the business must submit a letter to DECD stating its intent to use Connecticut businesses for that part of the project involving a facility's construction or expansion (i.e., development phase). The business must submit the letter within 30 days after receiving DECD's notification of approval for financial assistance. The letter must include the steps the business will take to contract with Connecticut businesses.

LOCAL CONSTRUCTION HIRING REPORT

Within 12 months after a project's development phase begins, the business must report to DECD and the Labor Department:

1. the names of the businesses under contract to perform the development phase,
2. the number of Connecticut residents employed during that phase,
3. the number of full-time employees who worked on the development phase and the total combined wages and benefits paid to them, and
4. any other information the departments require.

ANNUAL REPORT

DECD, in consultation with the Labor Department, must submit, annually, by February 1, a report to the governor and Commerce and Labor committees summarizing the information contained in the labor construction hiring reports for the previous calendar years. At a minimum, the report must:

1. list the businesses included in the construction hiring reports,
2. indicate the number of Connecticut residents employed in each project's development phase and the total number employed in the development phase for all projects,
3. indicate the total combined wages and benefits paid to the full-time employees employed in the projects' development phase and in total, and
4. provide any other information the departments require.

DECD must include this report in its comprehensive annual report to the legislature.

BACKGROUND

Related Bill

sSB 942 (File 487), which the Senate passed, raises the financial assistance thresholds for economic development projects that can be approved without legislative approval from (1) \$20,000,000 to \$26,010,000 over two years for biotechnology projects and (2) \$10,000,000 to \$15,540,000 over two years for other types of projects. (The bill also raises the threshold, from \$20,000,000 to \$26,750,000, for Urban and Industrial Sites Reinvestment Program tax credits DECD can approve without legislative approval.)

COMMITTEE ACTION

Commerce Committee

Joint Favorable Substitute

Yea 13 Nay 6 (03/26/2013)

Labor and Public Employees Committee

Joint Favorable

Yea 7 Nay 2 (04/23/2013)